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Report Highlights:

*Northern port city re-exports frozen food containers *Footwear exports likely to fall *Timber exempted from export tax *Consumers getting milked by dairy producers: official *Bumper crops for Mekong Delta *Safe fruits and vegetables hard to find, complain retailers *Seafood exports drop six percent on economy, raw material shortage *Good times roll on as fast food giants beat crisis *Plans for second Lotte Mart in city rejected

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Trade Report
Ho Chi Minh City [VM2]
[VM]

Welcome to "News Summary" from Vietnam, an occasional summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Vietnam, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues may be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Mission to Vietnam's, or any other U.S. government agency's point of view or official policy.

Northern port city re-exports frozen food containers

Hai Phong city's port authorities said yesterday that nearly 400 frozen food containers had been cleared by customs for re-export to other countries. The containers had been held up in the northern city for the past three days.

Thousands of frozen food containers imported for re-export were stuck at several ports in the northern city, with unconfirmed reports saying importers from other countries were reluctant to accept shipments because of H1N1 flu fears.

An estimated 2,500 frozen food containers are still held up at Hai Phong ports, according to the city's customs department.

(Source: Thanh Nien News, May.8)

Footwear exports likely to fall

Many domestic footwear companies have set modest export goals for this year, raising concerns that the Government's \$5.1 billion footwear export target won't be met.

Footwear exports in the first four months were worth \$1.3 billion, or around 10 percent lower than in the same period last year. Traditional buyers like the European Union and Japan have cut purchases. Some companies have made efforts to find new export outlets, especially in big markets like the United States.

The leather footwear industry has set a goal of generating \$11.4 billion from exports annually by 2015, said the Vietnam Leather and Footwear Association.

(Source: Viet Nam News, May.8)

Timber exempted from export tax

The Ministry of Finance made a decision to exempt wood planks from export taxes, in a move to alleviate difficulties for producers and exporters.

The tax exemption is expected to help increase the export of planks and woodwork products, which had a total export turnover of about \$500 million during the first three months of this year. This is a year-on-year decrease of 23 percent due to reduced orders from import partners.

In a move to meet the target, trade officials have urged woodwork exporters to consider entry into new markets including Russia, India, and Central Asian countries, rather than continuing with the current focus on the traditional markets of the United States, the European Union, and Japan.

(Source: Viet Nam News Apr.28)

Consumers getting milked by dairy producers: official

Vietnamese consumers do not fully understand their rights, so they do not lodge complaints about low-quality and excessively expensive milk, said Vu Thi Bach Nga of the Competition Management Department at the "Milk Quality with Consumer" conference held in Hanoi on April 27.

The Ministry of Industry and Trade, the Ministry of Health, and the Ministry of Finance, in co-operation with the General Department of Taxation have conducted an inspection of the national milk market to check the quality of milk.

(Source: Viet Nam News, Apr.29)

Bumper crops for Mekong Delta

Farmers in the Mekong Delta provinces and the southeast region have harvested bumper winter-spring rice crops of 9.9 million tons.

According to Dr. Pham Van Du, Deputy Director of the Ministry of Agriculture and Rural Development's Cultivation Bureau, land used for farming rice will probably increase this year due to the Government's economic stimulus package, which included maintaining the price of rice at VND4,200 - 4,500 per kilo.

Farmers in the region are expected to reap profits of around \$743-\$1143 per hectare.

(Source: <http://www.saigon-gpdaily.com.vn>, May.05)

Safe fruits and vegetables hard to find, complain retailers

Retailers and food processors say they need a regular supply of safe agricultural produce, especially fruits and vegetables, to meet a growing demand, but find it difficult to locate reliable suppliers.

Although Vietnam is a major exporter of agricultural produce, local retailers find it hard to source supply, the General Manager of Saigon Coop's Goods Supply Division, Bui Hanh Thu, said.

Although Good Agricultural Practices have been introduced in some provinces, most farmers do not apply safety standards, planting vegetables and fruits using pesticides and employing other unsafe practices, she said.

(Source: Thanh Nien News, May.06)

Seafood exports drop six percent on economy, raw material shortage

Vietnamese seafood exports over the first four months of this year fell six percent from a year earlier to \$1.05 billion, and processors expect further drops as the global recession continues to hurt demand and farming areas shrink.

While many seafood processors are struggling to get export orders, others are refusing to sign them because they face a shortage of raw materials. Many farmers stopped breeding *tra* and *basa* fish, as well as shrimp, after incurring significant losses last year as a result of falling prices and rising feed costs.

Seafood exports may fall 12 percent to \$4 billion this year, Minister of Agriculture and Rural Development Cao Duc Phat said in January.

(Source: Thanh Nien, May.7)

Good times roll on as fast food giants beat crisis

The fast food industry, dominated by foreign players, is booming and expects the good times to continue this year despite the economic recession.

The market is shared by a handful of international brands, in which the US-based KFC leads the Ho Chi Minh City market with 20 outlets, followed by Korea-based Lotteria with 15 outlets, and Philippines-based Jollibee with 8 outlets.

Together, these chains hope to achieve a turnover of \$25.9 million this year, almost 40 percent higher than last year.

In a country where fast food is just beginning to achieve popularity and obesity is not yet a major health issue, fast-food restaurants are crowded. But Vietnamese businesses have been unable to gain a foothold, thought to be due to their failure to understand the market.

(Source: Viet Nam News, May.7)

Plans for second Lotte Mart in city rejected

Lotte Mart, a member of South Korea's leading department store operator Lotte Shopping, cannot proceed with a major plan to open a second shopping center in HCMC because city authorities have turned down its proposal.

The proposal has been rejected due to many reasons, according to experts, among which are that there were already enough supermarkets in the targeted city districts, including Saigon, Big C, and Coop Mart.

Under WTO commitments, the retail market will be opened up to international firms after November 2010, except for gasoline, books and newspapers, cigarettes, rice, sugar, and precious metals.

But after the opening of their first store in Vietnam, international retailers must seek permission for every other outlet.

The lack of rules and concept definitions creates difficulties for enterprises when making business decisions and for state agencies in management work.

If decentralization is put into place, this may make the oversight of foreign-owned retail points difficult. Thus, state agencies will need to set out the conditions for opening additional outlets from the second retail point onwards, experts said.

(Source <http://english.vietnamnet.vn/biz/2009/05/846093/>, May.7)

Japan's Family Mart comes to Vietnam

Family Mart, one of Japan's leading convenience store chains, will open its first store in Vietnam at the end of this year, a spokesman for Family Mart's Vietnam affiliate said last week.

With Vietnamese law still restricting the ability of foreign retailers to establish extensive chains in the country, the Family Mart expansion into the domestic market will be made possible by operating as a joint venture, which Family Mart will establish in September with a Vietnamese partner, the Phu Thai Group.

According to the Phu Thai Group, Family Mart would initially focus on Ho Chi Minh City before coming to Ha Noi and Da Nang.

(Source: Viet Nam News, Apr.29)

Plan to lift crop & animal genetics

A Ministry of Agriculture and Rural Development plan to produce better quality, higher-yield seeds and livestock at an estimated cost of \$337 million to \$506 million will go to the Government for approval before the end of June.

The plan, titled "Development of seedling for agro – forestry – fisheries and breeds for livestock production by 2020", is based on the import of advanced varieties combined with the collection and preservation of genes for study and diversification of the domestic gene pool.

(Source: Viet Nam News, May.05)

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